

CITY OF CHATTANOOGA, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDING JUNE 30, 2016

Federal Grantor/Pass-Through/Grantor/Program Title	Federal CFDA Number	Contract Number	Beginning (Accrued) Unearned Grant Revenue	Cash Receipts	Expenditures	Ending (Accrued) Unearned Grant Revenue
U.S. DEPARTMENT OF AGRICULTURE						
Passed Through Tennessee Department of Agriculture:						
Emergency Food Assistance Program (Administrative Costs)	10.568	45898	\$ (31,278)	\$ 32,001	\$ 723	\$ -
Emergency Food Assistance Program (Administrative Costs)	10.568	54382	-	18,614	21,587	(2,973)
Emergency Food Assistance Program (Commodities - Non-cash)	10.569	N/A	-	125,426	125,426	-
Total Emergency Food Assistance Program			<u>(31,278)</u>	<u>176,041</u>	<u>147,736</u>	<u>(2,973)</u>
Passed Through Tennessee Department of Human Services:						
2015 CHS Child Care Program	10.558	N/A	(2,838)	2,838	-	-
2016 CHS Child Care Program	10.558	N/A	-	221,943	224,004	(2,061)
2015 Child and Adult Food Program	10.558	3-47-56136-00-6	(2,133)	2,133	-	-
2016 Child and Adult Food Program	10.558	3-47-56136-00-6	-	48,112	68,494	(20,382)
2015 Child and Adult Food Program	93.600	3-47-55915-00-8	(7,421)	7,421	-	-
2016 Child and Adult Food Program	93.600	3-47-55915-00-8	-	292,628	300,185	(7,557)
Total Child and Adult Food Program			<u>(12,392)</u>	<u>575,075</u>	<u>592,683</u>	<u>(30,000)</u>
Total U. S. Department of Agriculture			<u>(43,670)</u>	<u>751,116</u>	<u>740,419</u>	<u>(32,973)</u>
U.S. DEPARTMENT OF COMMERCE						
Economic Development Administration Sewer System Upgrade	11.300	04-79-06577	(274,346)	550,873	276,527	-
Total Economic Development Administration Sewer System Upgrade			<u>(274,346)</u>	<u>550,873</u>	<u>276,527</u>	<u>-</u>
Total U. S. Department of Commerce			<u>(274,346)</u>	<u>550,873</u>	<u>276,527</u>	<u>-</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT						
Community Development Block Grants/Entitlement Grants	14.218	B-13-MC-47-0001	(381,004)	396,330	15,326	-
Community Development Block Grants/Entitlement Grants	14.218	B-14-MC-47-0001	(23,756)	600,144	628,541	(52,153)
Community Development Block Grants/Entitlement Grants	14.218	B-15-MC-47-0001	-	633,312	779,428	(146,116)
Community Development Block Grants/Entitlement Grants - Program Income	14.218	N/A	-	210,679	210,679	-
Total Community Development Block Grants/Entitlement Grants			<u>(404,760)</u>	<u>1,840,465</u>	<u>1,633,974</u>	<u>(198,269)</u>

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CITY OF CHATTANOOGA, TENNESSEE
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(continued from previous page)						
Shelter Plus Care	14.238	TN0010L4J001306	(90,501)	90,501	-	-
Shelter Plus Care	14.238	TN0010L4J001407	-	166,693	233,881	(67,188)
Total Shelter Plus Care			(90,501)	257,194	233,881	(67,188)
THDA ESG Stage	14.231	E-14-MC-47-0003	(39,619)	49,305	24,578	(14,892)
THDA ESG Stage	14.231	E-15-MC-47-0003	-	28,592	76,006	(47,414)
Total Shelter Plus Care			(39,619)	77,897	100,584	(62,306)
HOME Investment Partnerships Program	14.239	M-10-MC-47-0200	-	61,899	61,899	-
HOME Investment Partnerships Program	14.239	M-11-MC-47-0200	-	27,015	27,015	-
HOME Investment Partnerships Program	14.239	M-12-MC-47-0200	(9,616)	9,616	-	-
HOME Investment Partnerships Program	14.239	M-13-MC-47-0200	(97,762)	141,094	43,332	-
HOME Investment Partnerships Program	14.239	M-14-MC-47-0200	(32,957)	235,113	310,643	(108,487)
HOME Investment Partnerships Program - Program Income	14	N/A	-	417,376	277,900	139,476
Total HOME Investment Partnerships Program			(140,335)	892,113	720,789	30,989
Total U. S. Department of Housing and Urban Development			(675,215)	3,067,669	2,689,228	(296,774)
U.S. DEPARTMENT OF THE INTERIOR						
National Park Service, Historic Preservation Grants	15.928	P14AP00191	-	390,000	390,000	-
National Park Service, Historic Preservation Grants	15.928	P15AP00146	-	254,922	254,922	-
Total National Park Service, Historic Preservation Grants			-	644,922	644,922	-
Total U.S. Department of the Interior			-	644,922	644,922	-

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(continued from previous page)						
U.S. DEPARTMENT OF JUSTICE						
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2012-DJ-BX-0641	-	15,159	15,159	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2013-DJ-BX-0975	-	-	800	(800)
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2014-DJ-BX-1123	(10,146)	45,371	45,516	(10,291)
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2015-DJ-BX-1042	-	-	38,727	(38,727)
ELERV Grant Program	16.582	2014-VF-GX-K011	-	-	31,796	(31,796)
Hamilton County Family Justice Center	16.738	22560	(33,692)	101,188	79,017	(11,521)
Hamilton County Family Justice Center	16.588	26780	-	13,796	20,178	(6,382)
Hamilton County Family Justice Center	16.609	2013-GP-BX-0012	-	-	687	(687)
Total U. S. Department of Justice			(43,838)	175,514	231,880	(100,204)
U.S. DEPARTMENT OF TRANSPORTATION						
Passed Through Georgia Department of Transportation:						
Highway Planning and Construction	20.205	AEOPPLN140836	(49,346)	110,839	61,493	-
Highway Planning and Construction	20.205	AEOPPLN160004	-	71,793	157,466	(85,673)
Total GA Highway Planning and Construction			(49,346)	182,632	218,959	(85,673)
Passed through Tennessee Department of Transportation:						
Highway Planning and Construction	20.205	Z14MPO002	(45,262)	291,894	507,455	(260,823)
Governor's Highway Safety Grant	20.607	Z15GHSO59	(51,414)	87,032	35,618	-
Governor's Highway Safety Grant	20.607	Z16GHSO60	-	10,175	51,528	(41,353)
TDOT - Congestion Management Air Quality (CMAQ)	20.205	33LPLM-F0-066	(90,285)	90,285	-	-
TDOT - Congestion Management Air Quality (CMAQ)	20.205	33LPLM-F3-076	(20,891)	20,891	-	-
TDOT - Congestion Management Air Quality (CMAQ)	20.205	33LPLM-F0-095	(90,102)	50,513	120,916	(160,505)
TDOT - HWY 58 Imp Pedestrian and Bike Facilities	20.205	33LPLM-F3-037	(584,658)	655,853	381,147	(309,952)
TDOT - SR27 Pedestrian and Bicycle Facilities	20.205	33LPLM-F3-038	(70,399)	336,266	429,761	(163,894)
TDOT - Safe Routes to School	20.205	33LPLM-F3-147	-	-	28,269	(28,269)
Total TN Highway Planning and Construction			(953,011)	1,542,909	1,554,694	(964,796)

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(continued from previous page)						
Federal Transit Metropolitan Planning Grant	20.505	GG-15-43720-00	(39,248)	58,524	70,580	(51,304)
City of Chattanooga Rail Transit Implementation Plan	20.933	TN-79-1000	-	103,060	306,701	(203,641)
Total Federal Transit Administration			(39,248)	161,584	377,281	(254,945)
Total U. S. Department of Transportation			(1,041,605)	1,887,125	2,150,934	(1,305,414)
INSTITUTE OF MUSEUM AND LIBRARY SERVICES						
Passed Through Tennessee Libraries and Archives						
General Library Services	45.310	30504-00216-01	-	48,700	48,700	-
2016 LSTA Technology Grant	45.310	30504-00116-21	-	14,195	14,195	-
Total Institute of Museum and Library Services			-	62,895	62,895	-
U.S. ENVIRONMENTAL PROTECTION AGENCY						
Brownfields Assessment & Cleanup Cooperative Agreements	66.818	BF-95441209	(53,694)	245,694	192,000	-
Air Pollution Control Program	66.001	00408415	-	350,910	350,910	-
Surveys, Studies, Investigations and Special Purpose Grants	66.034	96497415	-	128,809	128,809	-
Total U.S. Environmental Protection Agency			(53,694)	725,413	671,719	-
Passed Through Tennessee Department of Environment And Conservation:						
Clean Water State Revolving Loan Program (SRF 2011-289)	66.458	SRF 2011-289	-	2,355,139	2,355,139	-
Clean Water State Revolving Loan Program (SRF 2012-307)	66.458	SRF 2012-307	-	8,776,243	8,776,243	-
Clean Water State Revolving Loan Program (SRF 2013-318)	66.458	SRF 2013-318	-	6,188,844	6,188,844	-
Total Revolving Loan Program			-	17,320,226	17,320,226	-
Total U. S. Environmental Protection Agency			(53,694)	18,045,639	17,991,945	-

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(continued from previous page)						
FEDERAL EMERGENCY MANAGEMENT AGENCY						
Emergency Food and Shelter National Board Program	97.024	768200-001	(4,831)	12,642	7,811	-
Total Federal Emergency Management Agency			(4,831)	12,642	7,811	-
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES						
Head Start	93.600	04CH0047/38	(512,020)	628,975	116,955	-
Head Start	93.600	04CH010085-01-00	-	7,820,683	8,242,061	(421,378)
Early Head Start-Child Care Partnership Grant	93.600	04HP0041/01	(160,782)	2,396,748	2,457,016	(221,050)
Total Head Start			(672,802)	10,846,406	10,816,032	(642,428)
Passed Through Tennessee Department of Human Services:						
Low-Income Home Energy Assistance	93.568	LIHEAP-15-03	(237,437)	551,498	314,061	-
Low-Income Home Energy Assistance	93.568	LIHEAP-16-04	-	1,849,233	2,047,238	(198,005)
Total Low-Income Home Energy Assistance			(237,437)	2,400,731	2,361,299	(198,005)
Community Services Block Grant	93.569	Z 15-49104	(65,768)	65,768	-	-
Community Services Block Grant	93.569	Z 16-49104	-	527,769	635,327	(107,558)
Total Community Services Block Grant			(65,768)	593,537	635,327	(107,558)
YFD Summer Food Service Program	10.559	30-202	(61,720)	188,151	126,431	-
YFD After School Care Food Program	10.558	03-47-30140-00-8	-	229,732	265,850	(36,118)
YFD Summer Food Service Program	10.559	35-0014	-	-	117,179	(117,179)
Total YFD Summer Food Service Program			(61,720)	417,883	509,460	(153,297)
Total U. S. Department of Health and Human Services			(1,037,727)	14,258,557	14,322,118	(1,101,288)

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CITY OF CHATTANOOGA, TENNESSEE
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YEAR ENDING JUNE 30, 2016

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(continued from previous page)						
CORPORATION FOR NATIONAL AND COMMUNITY SERVICES						
Foster Grandparents Program	94.011	13SFSTN003	(30,960)	30,960	-	-
Foster Grandparents Program	94.011	13SFSTN003	-	371,333	407,860	(36,527)
Total Corporation for National and Community Services			(30,960)	402,293	407,860	(36,527)
TOTAL EXPENDITURES OF FEDERAL AWARDS - PRIMARY GOVERNMENT			(3,205,886)	39,859,245	39,526,539	(2,873,180)
STATE AWARDS						
Tennessee Commission on Aging & Disability						
Southeast Tennessee Development District	N/A	42185	-	48,950	45,517	3,433
Tennessee Department of Environment & Conservation						
Household Hazardous Waste	N/A	GG-1338886	(24,648)	57,349	32,701	-
Clean Water State Revolving Loan Program (SRF 2011-289)	66.458	SRF 2011-289	-	860,014	860,014	-
Clean Water State Revolving Loan Program (SRF 2012-307)	66.458	SRF 2012-307	-	7,709,002	7,709,002	-
Clean Water State Revolving Loan Program (SRF 2013-318)	66.458	SRF 2013-318	-	7,925,647	7,925,647	-
Total Tennessee Department of Environment & Conservation			(24,648)	16,552,012	16,527,364	-
Tennessee Department of Finance & Administration						
THDA Entitlement - CNE Project		Program Income	447,929	56,433	794	503,568
Tennessee Emergency Management Agency - Disaster relief)						
FEMA 1965 DR TN - February 2011	97.036	FEMA 1965 DR TN	-	-	-	-
FEMA 1974 DR TN - April 2011	97.036	FEMA 1974 DR TN	(9,529)	9,529	-	-
TOTAL EXPENDITURES OF STATE AWARDS - PRIMARY GOVERNMENT			413,752	16,666,924	16,573,675	507,001
TOTAL EXPENDITURE OF FEDERAL AND STATE AWARDS - PRIMARY GOVERNMENT			<u>\$ (2,792,134)</u>	<u>\$ 56,526,169</u>	<u>\$ 56,100,214</u>	<u>\$ (2,366,179)</u>

CITY OF CHATTANOOGA, TENNESSEE

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

June 30, 2016

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal and state awards includes the federal and state grant activity of the City and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2. Program Income

Cash receipts for the Community Development Block Grant (CFDA 14.218) and HOME Investment Partnerships Program (CFDA 14.239) include program income of \$210,679 and \$417,376, respectively.

Note 3. Subrecipients

Of the federal expenditures presented in the schedule, the City provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided to Subrecipient</u>
Community Development Block Grants/ Entitlement Grants	14.218	\$475,482
Shelter Plus Care	14.231	226,583
THDA ESG Stage	14.231	100,584
Home Investment Partnerships Program	14.239	719,303



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Honorable Mayor
and Members of the City Council
City of Chattanooga, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, the aggregate discretely-presented component units, each major fund and the aggregate remaining fund information of the City of Chattanooga, Tennessee (the City), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 19, 2016. Our report includes a reference to other auditors who audited the financial statements of EPB, Chattanooga Metropolitan Airport Authority, and Chattanooga Area Regional Transit Authority, as described in our report on the City of Chattanooga's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Chattanooga, Tennessee's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Chattanooga, Tennessee
December 19, 2016

*Henderson Hutcherson
& McCullough, PLLC*



CERTIFIED PUBLIC ACCOUNTANTS
CHATTANOOGA | MEMPHIS

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

To the Honorable Mayor
and Members of the City Council
City of Chattanooga, Tennessee

Report on Compliance for Each Major Federal Program

We have audited the City of Chattanooga, Tennessee's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2016. The City of Chattanooga, Tennessee's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. The City's basic financial statements include the operations of EPB, Chattanooga Metropolitan Airport Authority, and Chattanooga Area Regional Transit Authority which expended federal awards which are not included in the accompanying schedule of expenditures of federal awards during the year ended June 30, 2016. Our compliance audit, described below, did not include the operations of these entities because the entities engage other auditors to perform audits in accordance with the Uniform Guidance.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on each of the City of Chattanooga's major federal programs based on our audit of the types of compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Compliance for Each Major Federal Program

In our opinion, the City of Chattanooga, Tennessee complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control over Compliance

Management of the City of Chattanooga, Tennessee is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we considered to be material weaknesses. However, material weaknesses may exist that have not been identified.

This purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Chattanooga, Tennessee
December 19, 2016

*Henderson Hutcherson
& McCullough, PLLC*

CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2016

SECTION 1 – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued:

Unmodified

Internal control over financial reporting:

- Material weaknesses identified: ☐yes ☒no
- Significant deficiencies identified that are not considered to be material weaknesses? ☐yes ☒none reported

Noncompliance material to financial statements noted?

☐yes ☒no

Federal Awards

Internal control over major programs:

- Material weaknesses identified: ☐yes ☒no
- Significant deficiencies identified that are not considered to be material weaknesses? ☐yes ☒none reported

Type of auditor’s report issued on compliance for major programs:

Unmodified

Any audit findings disclosed under the Uniform Guidance?

☐yes ☒no

Identification of major programs:

CFDA Numbers

Name of Federal Program or Cluster

14.239

U.S. Department of Housing and Urban Development
HOME Investment Partnerships Program

20.205

U.S. Department of Transportation
Highway Planning and Construction

93.600

U.S. Department of Health and Human Services
Head Start Program

CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2016

Dollar threshold used to distinguish between Type A
and Type B programs:

\$1,185,796

Auditee qualified as low-risk auditee?

 x yes

 no

SECTION II – FINANCIAL STATEMENT FINDINGS

None reported

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported

CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended June 30, 2015

None reported



City of Chattanooga

Department of Finance and Administration

City Hall

101 East 11th Street

Chattanooga, Tennessee 37402

423.643.7363

www.chattanooga.gov